ARITZIA

Aritzia Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
First Quarter Ended May 31, 2026

July 9, 2026

The following Management's Discussion and Analysis ("MD&A") dated July 9, 2026 is intended to assist readers in understanding the business environment, strategies and performance and risk factors of Aritzia Inc. (together with its consolidated subsidiaries, referred to herein as "Aritzia", the "Company", "we", "us" or "our"). This MD&A provides the reader with a view and analysis, from the perspective of management, of the Company's financial results for the 13-week period ended May 31, 2026. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and accompanying notes for Q1 2027 (as hereinafter defined) and the audited annual consolidated financial statements and accompanying notes for Fiscal 2026 (as hereinafter defined).

FORWARD-LOOKING INFORMATION

Certain statements made in this document may constitute forward-looking information under applicable securities laws. Statements containing forward-looking information are neither historical facts nor assurances of future performance, but instead, provide insights regarding management's current expectations and plans and allows investors and others to better understand the Company's anticipated business strategy, financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Although the Company believes that the forward-looking statements are based on information, assumptions and beliefs that are current, reasonable, and complete, such information is necessarily subject to a number of business, economic, competitive and other risk factors that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking information.

Specific forward-looking information in this document include, but are not limited to, statements relating to:

– our Fiscal 2027 strategic and financial plan and anticipated results therefrom,
– our expectations as to the Company's Fiscal 2027 strategic and financial plan and our ability to advance the strategic growth levers underpinning our Fiscal 2027 strategic and financial plan, including geographic expansion (boutique growth, expansion and enhancements), digital growth (including eCommerce 2.0) and increased brand awareness, and achieve the anticipated results therefrom,
– our omni-channel capabilities including the anticipated continuing results therefrom,
– our monitoring of the evolving macroeconomic conditions and our ability to adapt,
– our continued monitoring and diversification of our supplier base and the anticipated results from our vendor self-certification process,
– our expectations and plans regarding increased efficiencies and throughput at our new distribution centre in Delta, BC, the retrofit of our distribution centre in Columbus, Ohio, plans relating to the use of our current facility in New Westminster, British Columbia, opportunities to expand our distribution network in the United States, and the anticipated results therefrom,
– our expectations with respect to liquidity,
– our use of financial instruments and risk mitigation strategies,
– our future investment opportunities,
– our ability to continue to optimize inventory levels and maximize full-price sales,
– our response to consumer trends and our ability to produce enduring client loyalty,
– the number of subordinate voting shares ("SVS") which may be purchased under the 2026 NCIB (as defined herein),
– our dedication to making progress on our Impact goals and priorities, expectations with respect to the oversight progress against our greenhouse gas emissions reduction targets, our commitments to increase disclosures against sustainability performance indicators and to continue to refine a greenhouse gas emissions reduction roadmap, and
– the impact of tariffs, duties, retaliatory tariffs or other trade protection measures on the profitability of our business, financial condition and results of operations, including our expectations regarding the timing and

amount of potential International Emergency Economic Powers Act tariff refund recoveries, and our plans with respect to the submission of refund claims.

Particularly, information regarding our expectations of future results, targets, performance achievements, intentions, prospects, opportunities or other characterizations of future events or developments or the markets in which we operate is forward-looking information. Often but not always, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “believes”, or positive or negative variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur”, "continue", or “be achieved”.

Forward-looking statements are based on information currently available to management and on estimates and assumptions, including assumptions about future economic conditions and courses of action. Examples of material estimates and assumptions and beliefs made by management in preparing such forward looking statements include, but are not limited to:

- anticipated growth across our retail and digital channels,
- anticipated growth in the United States and Canada,
- general economic and geopolitical conditions, including the imposition of any new, or any material changes to applicable duties, tariffs and trade restrictions or similar measures (and any retaliatory measures) and any ongoing or new conflicts,
- changes in laws, rules, regulations, and global standards,
- our competitive position in our industry,
- our ability to keep pace with changing consumer preferences,
- no public health related restrictions impacting client shopping patterns or incremental direct costs related to health and safety measures,
- our future financial outlook,
- our ability to drive ongoing development and innovation of our exclusive brands and product categories,
- our ability to realize our eCommerce 2.0 strategy and optimize our omni-channel capabilities,
- our expectations for continuing strong inventory position,
- our expectations regarding any new distribution centres and retrofitting of existing distribution centres,
- our ability to recruit and retain exceptional talent,
- our expectations regarding new boutique openings, repositioning of existing boutiques, and the timing thereof, and growth of our boutique network and annual square footage,
- our ability to mitigate business disruptions, including our sourcing and production activities,
- our expectations for capital expenditures,
- our ability to generate positive cash flow,
- anticipated run rate savings from our smart spending initiative,
- availability of sufficient liquidity,
- warehousing costs and expedited freight costs, and
- currency exchange and interest rates.

Given the current challenging operating environment, there can be no assurances regarding: (a) the macroeconomic impacts on Aritzia's business, operations, labour force, supply chain performance and growth strategies; (b) Aritzia's ability to mitigate such impacts, including ongoing measures to enhance short-term liquidity, contain costs and safeguard the business; (c) general economic conditions and impacts to consumer discretionary spending and shopping habits (including impacts from changes to interest rate environments); (d) credit, market, currency, commodity market, inflation, interest rates, global supply chains, operational, and liquidity risks generally; (e) global uncertainty such as uncertainty with respect to international trade policies and tariffs, geopolitical events and international conflicts (including the conflict in the Middle East); (f) public health related limitations or restrictions that may be placed on servicing our clients or the duration of any such limitations or restrictions; and (g) other risks inherent to Aritzia's business and/or factors beyond its control which could have a material adverse effect on the Company.

Many factors could cause our actual results, performance, achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the factors discussed in the "Risk Factors" section of this MD&A and the Company's annual information form for Fiscal 2026 (the "AIF") which are incorporated by reference into this document. A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on the System for Electronic Data Analysis and Retrieval + ("SEDAR+") at www.sedarplus.com.

The Company cautions that the foregoing list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect its results. We operate in a highly competitive and rapidly changing environment in which new risks often emerge. It is not possible for management to predict all risks, nor assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. The forward-looking information contained in this document represents our expectations as of the date of this document (or as of the date they are otherwise stated to be made) and are subject to change after such date. We disclaim any intention, obligation or undertaking to update or revise any forward-looking information, whether written or oral, as a result of new information, future events or otherwise, except as required under applicable securities laws.

BASIS OF PRESENTATION

Our audited annual consolidated financial statements and unaudited condensed interim consolidated financial statements (together, the “consolidated financial statements”) have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards") and International Accounting Standard ("IAS") 34, respectively, using the accounting policies described therein. All amounts are presented in thousands of Canadian dollars unless otherwise indicated. Note that calculated figures may not add up precisely due to rounding. We manage our business on the basis of one operating and reportable segment.

All references in this MD&A to “Q1 2027” are to our 13-week period ended May 31, 2026, and to “Q1 2026” are to our 13-week period ended June 1, 2025. All references in this MD&A to "Fiscal 2028" are to our 52-week period ending February 27, 2028, "Fiscal 2027" are to our 52-week period ending February 28, 2027, to “Fiscal 2026” are to our 52-week period ended March 1, 2026, and to "Fiscal 2025" are to our 52-week period ended March 2, 2025.

Our eCommerce business has evolved into a broader digital business, inclusive of our Omni channel capabilities, eCommerce platform, performance marketing and Concierge business units. We now refer to our eCommerce business line as our "Digital" business in this document.

The unaudited condensed interim consolidated financial statements and accompanying notes for Q1 2027 and this MD&A were authorized for issue by the Audit Committee on behalf of the Company's Board of Directors (the "Board of Directors") on July 9, 2026.

Documents referenced herein are not incorporated by reference into this MD&A, unless such incorporation by reference is explicit.

OVERVIEW

Beautifully made clothes. Exceptional experiences. Everyday Luxury®.

Aritzia is a design house with an innovative global platform. We are creators and purveyors of covetable styles, home to an extensive portfolio of exclusive brands for every function and individual aesthetic. We’re about good design, quality materials and making pieces you'll wear again and again — all with the wellbeing of our People and Planet in mind.

Founded in 1984 in Vancouver, Canada, we pride ourselves on creating immersive, highly personalized shopping experiences at aritzia.com, on our app and in our 140+ boutiques throughout North America — for everyone, everywhere.

RECENT EVENTS

Normal Course Issuer Bid

On May 11, 2026, the Company announced that the Toronto Stock Exchange ("TSX") approved the Company's NCIB (the "2026 NCIB") which allows the Company to repurchase and cancel up to 4,308,739 of its SVS, representing approximately 5% of the public float of 86,174,782 SVS as at April 30, 2026, during the twelve-month period commencing May 13, 2026 and ending May 12, 2027. On May 28, 2026, the Company also announced that it had entered into an automatic share purchase plan (the "2026 ASPP"), with its designated broker, which commenced immediately and will terminate upon the expiry of the 2026 NCIB unless terminated earlier in accordance with its terms.

On May 5, 2025, the Company announced that the TSX approved the Company's normal course issuer bid (the "2025 NCIB") which allowed the Company to repurchase and cancel up to 4,226,994 of its SVS, representing approximately 5% of the public float of 84,539,881 SVS as at April 30, 2025, over the twelve-month period commencing May 7, 2025 and ending May 6, 2026. On May 27, 2025 and February 27, 2026, respectively, the Company entered into consecutive automatic share purchase plans (the "2025 ASPPs"), with its designated broker, which commenced immediately and terminated upon the expiry of the 2025 NCIB.

During the 13-week period ended May 31, 2026, the Company repurchased a total of 564,500 SVS for cancellation under the 2026 NCIB and 2025 NCIB at an average price of $117.33 per SVS for total cash consideration of $66.2 million (including commissions).

Tariffs, Duties and Trade Restriction Uncertainties

The continued changes to, deferral of, and announcement of the imposition of new tariffs and changes to exemptions (including changes to the de minimis exemption for low value shipments imported into the United States) by the U.S. administration and other foreign governments, and retaliatory actions by the Canadian government, continue to create economic uncertainty, and could negatively impact the Canadian economy, potentially increasing costs, disrupting supply chains, weaken the Canadian and/or U.S. dollar, and other potential negative impacts. The Company continues to assess the direct and indirect impacts to its business of such tariffs, duties, retaliatory tariffs or other trade protectionist measures implemented as this situation continues to develop, and such impacts could be material.

FINANCIAL HIGHLIGHTS

We refer the reader to the section entitled “How We Assess the Performance of Our Business” of this MD&A for the definition of the items discussed below and, when applicable, to the table entitled “Reconciliation to Non-IFRS Financial Measures” for reconciliations of non-IFRS financial measures (as defined herein) with the most directly comparable IFRS Accounting Standards financial measure.

Q1 2027

For Q1 2027, compared to Q1 2026:

- **Net revenue** increased 43.4% to $951.0 million, with comparable sales[1] growth of 35.1%
- **United States net revenue** increased 54.5% to $638.1 million, comprising 67.1% of net revenue
- **Canada net revenue** increased 25.0% to $312.9 million, comprising 32.9% of net revenue
- **Retail net revenue** increased 38.7% to $666.3 million, comprising 70.1% of net revenue
- **Digital (formerly "eCommerce") net revenue** increased 55.5% to $284.7 million, comprising 29.9% of net revenue
- **Gross profit margin**[1] increased 310 bps to 50.3%
- **Selling, general and administrative expenses** as a percentage of net revenue decreased 150 bps to 32.0%
- **Adjusted EBITDA**[1] increased 80.5% to $191.6 million. **Adjusted EBITDA as a percentage of net revenue**[1] increased 410 bps to 20.1%
- **Net income** increased 176.6% to $117.3 million. Net income as a percentage of net revenue increased 590 bps to 12.3%. **Net income per diluted share** increased 175.0% to $0.99 per share, compared to $0.36 per share in Q1 2026
- **Adjusted Net Income**[1] increased 98.3% to $113.9 million. **Adjusted Net Income per Diluted Share**[1] increased 95.9% to $0.96 per share, compared to $0.49 per share in Q1 2026

OUTLOOK

A discussion of management's expectations as to the Company's financial outlook for Fiscal 2027 is contained in the Company's press release dated July 9, 2026, "Aritzia Reports First Quarter Fiscal 2027 Financial Results" under the heading "Outlook". In addition, a discussion of the Company's long-term financial plan is contained in the Company's press release dated October 27, 2022, "Aritzia Presents its Fiscal 2027 Strategic and Financial Plan, Powering Stronger" along with the Company's press release dated May 1, 2025, "Aritzia Reports Fourth Quarter and Fiscal 2025 Financial Results", press release dated October 9, 2025, "Aritzia Reports Second Quarter Fiscal 2026 Financial Results", and press release dated May 7, 2026, "Aritzia Reports Fourth Quarter and Fiscal 2026 Financial Results", for updates to such discussion. These press releases are available on SEDAR+ at www.sedarplus.com under the Company's profile and on our website at investors.aritzia.com.

[1] See the sections below entitled “How We Assess the Performance of our Business”, “Selected Financial Information” and “Non-IFRS Financial Measures and Retail Industry Metrics” for further details concerning gross profit margin, comparable sales, constant currency, Adjusted EBITDA, Adjusted EBITDA as a percentage of net revenue, Adjusted Net Income and Adjusted Net Income per Diluted Share including definitions and reconciliations of each non-IFRS financial measure to the relevant reported IFRS Accounting Standards financial measure. Non-IFRS financial measures and non-IFRS ratios do not have a standardized meaning under IFRS Accounting Standards, which is used to prepare the Company's financial statements and might not be comparable to similar financial measures presented by other entities.

SELECTED FINANCIAL INFORMATION

The following table summarizes our recent results of operations for the periods indicated.

Selected Consolidated Financial Information

(unaudited, in thousands of Canadian dollars, unless otherwise noted)	Q1 2027	Q1 2026
Financial Summary:		
Net revenue	$ 951,009	$ 663,316
Cost of goods sold	472,984	350,519
Gross profit	478,025	312,797
Selling, general and administrative	304,634	222,483
Stock-based compensation expense	22,148	10,186
Income from operations	151,243	80,128
Finance expense	16,474	12,955
Other expense (income)	(30,838)	8,322
Income before income taxes	165,607	58,851
Income tax expense	48,344	16,460
Net income	$ 117,263	$ 42,391
Net income per diluted share	$ 0.99	$ 0.36
Adjusted EBITDA[2]	$ 191,572	$ 106,132
Adjusted Net Income[2]	$ 113,875	$ 57,424
Adjusted Net Income per Diluted Share[2]	$ 0.96	$ 0.49
Weighted average number of diluted shares outstanding (thousands)	118,948	118,210
Cash and cash equivalents	$ 471,932	$ 292,611
Capital cash expenditures (net of proceeds from lease incentives)[2]	$ (62,967)	$ (52,269)
Free cash flow[2]	$ (8,590)	$ 24,394
Percentage of Net Revenue:		
Gross profit	50.3%	47.2%
Selling, general and administrative	32.0%	33.5%
Net income	12.3%	6.4%
Adjusted EBITDA[2]	20.1%	16.0%
Adjusted Net Income [2]	12.0%	8.7%
Other Metrics:		
Year-over-year net revenue growth	43.4%	33.0%
Comparable sales[2] growth	35.1%	19.3%

The following tables provide selected consolidated financial position information for the periods indicated.

Selected Consolidated Financial Position Information

(in thousands of Canadian dollars, unless otherwise noted)	**As at May 31, 2026**	**As at March 1, 2026**
	(unaudited)	
Total assets	$3,226,091	$3,135,677
Total non-current liabilities	963,046	899,730

[2] Please see the sections titled "Selected Financial Information", “How We Assess the Performance of Our Business” and "Non-IFRS Financial Measures and Retail Industry Metrics" of this MD&A for further details on these financial and operating measures.

The following table provides a reconciliation of net income to EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income per Diluted Share for the periods indicated.

Reconciliation to Non-IFRS Financial Measures

(unaudited, in thousands of Canadian dollars, unless otherwise noted)	Q1 2027	Q1 2026
Reconciliation of Net Income to EBITDA and Adjusted EBITDA:		
Net income	$ 117,263	$ 42,391
Depreciation and amortization	31,429	25,171
Depreciation on right-of-use assets	28,792	23,572
Finance expense	16,474	12,955
Income tax expense	48,344	16,460
EBITDA	242,302	120,549
Adjustments to EBITDA:		
Stock-based compensation expense	22,148	10,186
Rent impact from IFRS 16, Leases[3]	(44,198)	(35,641)
Unrealized loss (gain) on equity derivative contracts	(27,896)	22
Foreign exchange loss (gain) on intercompany balances	(2,790)	10,798
Other	2,006	218
Adjusted EBITDA	$ 191,572	$ 106,132
Adjusted EBITDA as a percentage of net revenue	20.1%	16.0%
Reconciliation of Net Income to Adjusted Net Income:		
Net income	$ 117,263	$ 42,391
Adjustments to net income:		
Stock-based compensation expense	22,148	10,186
Unrealized loss (gain) on equity derivative contracts	(27,896)	22
Foreign exchange loss (gain) on intercompany balances	(2,790)	10,798
Other	2,006	218
Related tax effects	3,144	(6,191)
Adjusted Net Income	$ 113,875	$ 57,424
Adjusted Net Income as a percentage of net revenue	12.0%	8.7%
Weighted average number of diluted shares outstanding (thousands)	118,948	118,210
Adjusted Net Income per Diluted Share	$ 0.96	$ 0.49

(unaudited, in thousands of Canadian dollars)	Q1 2027	Q1 2026
Depreciation on right-of-use assets	$ (28,792)	$ (23,572)
Interest expense on lease liabilities	(15,406)	(12,069)
Rent impact from IFRS 16, Leases	$ (44,198)	$ (35,641)

The following table reconciles comparable sales to net revenue for the periods indicated.

(unaudited, in thousands of Canadian dollars)	Q1 2027	Q1 2026
Comparable sales[4]	$ 820,439	$ 561,713
Non-comparable sales	130,570	101,603
Net revenue	$ 951,009	$ 663,316

[3] See Rent Impact from IFRS 16, Leases

[4] Comparable sales in each respective period reflects total combined net revenue from Digital and established boutiques that fall within the comparable sales base during the respective period. See the section titled "How We Assess the Performance of our Business" and "Non-IFRS Financial Measures and Retail Industry Metrics" of this MD&A for further details.

The following table reconciles constant currency changes in net revenue for the periods indicated:

(unaudited, in thousands of Canadian dollars)	Q1 2027	Q1 2026	% change
Constant currency net revenue[2]	$ 967,006	$ 663,316	45.8 %
Foreign exchange impact	(15,997)	—	
Net revenue	$ 951,009	$ 663,316	43.4 %

The following table reconciles cash generated from (used in) investing activities to capital cash expenditures (net of proceeds from lease incentives) for the periods indicated. For further details on the Investment in joint venture see note 8 of the Q1 2027 unaudited condensed interim consolidated financial statements

(unaudited, in thousands of Canadian dollars)	Q1 2027	Q1 2026
Cash generated from (used in) investing activities	$ (110,975)	$ (59,091)
Investment in joint venture	38,505	—
Proceeds from lease incentives	9,503	6,822
Capital cash expenditures (net of proceeds from lease incentives)	$ (62,967)	$ (52,269)

The following table reconciles net cash generated from (used in) operating activities to free cash flow for the periods indicated.

(unaudited, in thousands of Canadian dollars)	Q1 2027	Q1 2026
Net cash generated from (used in) operating activities	$ 81,235	$ 100,280
Interest paid	1,023	811
Repayments of principal on lease liabilities	(27,881)	(24,428)
Capital cash expenditures (net of proceeds from lease incentives)	(62,967)	(52,269)
Free cash flow	$ (8,590)	$ 24,394

SUMMARY OF FACTORS AFFECTING PERFORMANCE

We generally believe that our performance and future success depend on a number of factors that present significant opportunities for us. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below. See also the “Risk Factors” section of this MD&A, and in our AIF.

Our Brand and Products

Our exclusive mix of fashion brands offer a strategic and thoughtfully conceived, designed, and developed collection of products. In addition to our exclusive fashion brands, we also position products under the Aritzia brand. Aritzia-branded products are beloved fabrics and styles that — of everything we make — are the most iconically Aritzia. We believe that a key area of differentiation for us is that we design apparel and accessories to enable us to reach many different groups of clients. Our sourcing and manufacturing strategy gives us control over our supply chain and provides us with the flexibility to optimize our brand portfolio as needed to address changes in client demand and fashion preferences. This has been critical to our ability to grow while also reducing risk.

Our exclusive mix of fashion brands and products are supported by in-house design and development teams focused on creating beautiful, elevated, high quality products that align with the unique positioning, look and feel of each brand. Each of our exclusive fashion brands has its own vision and distinct aesthetic point of view. As a group, they are united by an unwavering commitment to Everyday Luxury® product using superior fabrics, meticulous construction and relevant, effortless design.

Our exclusive mix of fashion brands and products currently represents approximately 97% of Aritzia’s net revenue. Our broad product assortment includes t-shirts, blouses, sweaters, jackets, coats, pants, shorts, skirts, dresses, denim, accessories, and Reigning Champ men’s wear for each season. We strive to maintain a flexible mix of historically successful items and new seasonal styles. Our changing product mix is a blended reflection of client demands and fashion direction. This strategic mix helps us to drive client conversion by delivering fashion must-haves, while still generating a meaningful proportion of revenue from our fashion essentials. We complement our exclusive product mix with a strategically chosen selection of premium denim, accessories and footwear from well-loved third-party brands. Our expansive and diverse range of fashion apparel and accessories addresses a broad range of style preferences and lifestyle requirements for our clients, producing strong and enduring client loyalty.

Product Strategy

We control the design, merchandise planning, sourcing, production and retail functions of our exclusive brands and complement this with third-party brands. Product design and quality are meticulously evaluated and controlled by us, from fabrics to trims, and styling to fit.

Creative Development

We have talented teams of creative product professionals who focus on creating products featuring high quality fabrics, considered detailing and sophisticated construction. Our product design and development process builds on client favourites while taking new fashion trends into account with the goal of creating fashion must-haves each season. Our strategy centers on our ability to create enough new styles to surprise and delight our clients every season. Our technical team ensures all products are executed in a manner that is consistent with our design and delivers superior fit and sophisticated construction in the production of our exclusive brands. We partner with high quality mills and suppliers to create and sample garments, which are fit-tested before production. We strive to ensure that the quality of our raw materials and the finished product are all elevated to our Everyday Luxury® standards.

Merchandise Planning

Our demand-driven merchandise planning, buying and inventory strategies have been developed and evolved for over 40 years.

We generate a meaningful proportion of revenue from our client favourites while helping to drive excitement through new seasonal product assortment. We analyze sales data in order to make inventory adjustments and to respond to the latest sales trends.

Our inventory management processes and systems provide us with the ability to optimize inventory across geographies and channels to ensure that each boutique, aritzia.com and the Aritzia App is merchandised with products that resonate with local preferences. We actively monitor sell-through rates and manage the mix of product categories in our boutiques, on aritzia.com and the Aritzia App. We strive to respond to emerging trends in a timely manner, minimize our dependence on any particular category, style or fabrication and preserve a balanced, coordinated presentation of merchandise within each sales channel. We believe that our disciplined merchandise planning strategy enables us to optimize inventory levels and maximize full-price sales.

Sourcing and Production

We contract and maintain direct relationships with a diversified base of independent suppliers and manufacturers for our exclusive brands who provide us with the flexibility to source high quality materials and products at competitive costs. We believe that our approach of sourcing a majority of our raw materials and working directly with suppliers and manufacturers enhances our ability to create beautiful and high-quality products in a timely manner.

We source the majority of our raw materials directly from mills, trim suppliers and manufacturers in overseas markets, which we believe to be best in class, located primarily in Australia, China, France, India, Italy, Japan, Portugal, South Korea, Spain, Taiwan, Thailand, Turkey and Vietnam, that uphold our standards for quality, lead time and cost. Our finished goods are sourced from manufacturers located in countries, including but not limited to, Austria, Bangladesh, Cambodia, China, India, Italy, Philippines, Portugal, Romania, Slovenia, Sri Lanka, Turkey, the U.S. and Vietnam. We continue to monitor and diversify our supplier base, taking into consideration the geo-political and economic environment to mitigate risk. “Next Generation Suppliers” are finished goods partners that have implemented succession planning as part of their strategy, are digitally enabled, manufacture multiple categories of materials and products and have multiple country of origin footprints and investments in automation. We leverage our “Next Generation Supplier” relationships by using their multi origin footprint to pivot as geopolitical obstacles arise without interrupting our product lifecycle.

Capacity planning with our manufacturers is done at the beginning of the season to help ensure flexibility. We engage third parties to inspect our manufacturers’ factories to help maintain quality control and engage independent expert service providers to conduct factory audits for compliance with local laws and regulations and global standards. We launched a vendor self-certification process for quality assurance and inspection. We believe this will help ensure greater execution of our quality expectations and to allow for vendors to reduce cycle time. We also have a Supplier Code of Conduct and initiatives to increase transparency with respect to the origins of our raw materials.

Boutiques

We have developed our boutique network in a measured and disciplined manner. We have a portfolio of boutiques situated in premier real estate locations in high performing retail malls, lifestyle centres, and high streets in Canada and the United States. Our strong boutique sales productivity continues to make us a sought-after tenant for top quality locations in premier shopping destinations. In addition to opening new boutiques, we generate attractive returns on capital by enhancing elements of our existing boutiques (including footprint, layout and assortment) through carefully considered boutique repositions, relocations and expansions. We continue to elevate our boutique design and believe we deliver a fully immersive experience including enhancing the sensory experience by adding A-OK cafes in select boutiques.

The following table summarizes the change in Aritzia's boutique count for the periods indicated (excluding Reigning Champ boutiques).

	Q1 2027	Q1 2026
Number of boutiques, beginning of period	144	130
New boutiques	1	1
Boutique closures	(2)	—
Number of boutiques, end of period	143	131
Repositioned boutiques	2	1

In addition, there were four Reigning Champ boutiques as at May 31, 2026 (three Reigning Champ boutiques as at June 1, 2025). In Q1 2027, the Company closed two banner boutiques located in the same location where an existing boutique was expanded.

Digital Growth

In Fiscal 2026, our eCommerce, Omni channel, Performance Marketing, and Concierge business units evolved into one broader and cohesive Digital business, which supports our brand pillars and helps to ensure consistent messaging and a seamless experience for our clients. In Q3 2026, we launched our mobile app as part of enhancing our client's Digital experience. We continue to invest in our digital capabilities to support our Digital business, and we plan to fuel Digital growth by delivering against our Aritzia eCommerce 2.0 strategy, featuring tailored product discovery, creative innovation, and intuitive experiences. We aspire to connect clients to Everyday Luxury®, offering beautiful product, tailored experiences, and endless inspiration to be a leading Digital business.

The strategy behind Aritzia eCommerce 2.0 has the following components, which is our value proposition that we believe highlights our unique competitive advantage:

– *We plan to deliver tailored product discovery:* We plan to enable clients to discover all we have to offer, while personalizing suggestions for their individual taste, style and preferences. We have made significant progress leveraging advanced business intelligence and behaviour analytics to further enhance our understanding of our clients. This includes optimizing our online operations to enhance personalization which we believe will drive higher conversion and client loyalty. Aritzia.com and the Aritzia App each showcase our entire product assortment, and our brands are designed for a segment of our overall client base. We aim to inspire the client to discover our diverse assortment, while content is tailored to their individual style and preferences to keep them engaged.

– *We plan to deliver creative innovation:* With an emphasis on form, creative innovation keeps our Digital experience at the forefront of cool. This extends to service, operations and technology. We aim to continuously raise the bar across both form and function. Whether it be aspirational site design, how we merchandise, captivating content and communications, or coming up with a creative technology solution – we plan to redefine the norms.

– *We plan to deliver an intuitive experience:* Our Digital platform, which includes the Aritzia App, aims to provide our clients further ease of use at all touchpoints. A word that is often used to describe Everyday Luxury® is effortless, and this is intended to extend to our Digital presence. We strive to offer a seamless, integrated, and highly shoppable experience. Aritzia is focused on improving the Digital experience across all devices (e.g., desktop, mobile, tablet) to work towards making shopping even more frictionless than it is today. The core areas of our client's digital journey including discovery, evaluating, and purchase are continuously improved.

Distribution Facilities

Our current distribution network consists of three distribution centres, two in Canada and one in the United States, that are well positioned to service our boutiques and Digital business. Our distribution centres include a 380,000 square foot facility in Delta, British Columbia, a 223,000 square foot facility in New Westminster, British Columbia, a 550,000 square foot facility in Vaughan, Ontario, and a 560,000 square foot third-party facility in Columbus, Ohio.

We operate our distribution centres located in Delta and New Westminster, British Columbia and Vaughan, Ontario, while the distribution centre located in Columbus, Ohio is operated by a third-party logistics provider. Our inventory is centrally managed and shared amongst our boutiques and Digital business.

In Fiscal 2024, we opened our 550,000 square foot distribution centre in Vaughan, Ontario. This facility is in-sourced and replaced our previous 150,000 square foot facility operated by a third-party logistics provider in Mississauga, Ontario. We completed construction of an additional 200,000 square feet space in this facility in Fiscal 2026.

In Fiscal 2024, we expanded and took over the entire building in our Columbus, Ohio distribution centre, resulting in an additional 305,000 square feet for a total of approximately 560,000 square feet in that facility. We plan to complete additional retrofitting work in this facility in Fiscal 2027 to help optimize our operations. We are actively reviewing additional distribution network opportunities in the United States.

In Q1 2027, we opened our new approximately 380,000 square foot distribution centre in Delta, British Columbia. This new facility is operated by us with increased automation, including robotic equipment that is expected to increase our efficiencies and throughput. We are retaining our existing facility in New Westminster, British Columbia and we plan to complete additional retrofitting work in Fiscal 2027 to convert the building from a fulfillment centre to predominantly storage for replenishment stock.

Our current facilities are set up to flexibly manage multi-channel and Omni channel demands, as our business continues to grow, and these further expansions are expected to support both our Retail and Digital businesses with added capacity to handle higher levels of throughput.

Clients - Omni Channel

In Fiscal 2026, we continued to strengthen our core Omni capabilities, including Buy Online, Ship-From-Store and Buy Online, Pick-Up In Store. With our initial Omni implementation now completed, we are shifting from laying the foundation to enabling the next stage of our Omni business evolution.

Our focus is centered on two major enterprise initiatives: implementing a unified global payments processor and deploying radio-frequency identification across our boutique network. These capabilities will help elevate our customer experience, improve operational efficiency, and support more reliable, real time inventory visibility. In parallel, we continue to enhance our data and analytics to deliver deeper insights into omni fulfillment, sourcing, and returns, enabling more informed decisions across the business.

Impact and Sustainability

Reflecting the importance of sustainability-related risks and opportunities to our business and brands, and as a prominent player in the fashion industry, Aritzia believes it has a role to play in sustainability matters. As our business grows, so does our potential to create lasting change - we remain dedicated to making year-over-year progress on our Impact goals and priorities.

At Aritzia, Impact refers to the contributions we make to People and the Planet. We believe these contributions matter to our consumers and to our overall business resilience as a whole. The Impact scope spans Aritzia's full value chain - from raw material sourcing in our upstream operations, through to product end-of-life in our downstream operations. With the goal to strengthen our positive impact, initiatives and oversight of these areas are shared throughout our organization. We seek to take an evidence-based approach and to deliver long-term positive impact for the benefit of our business resilience and our stakeholders.

We are committed to supporting People to thrive across the following areas: Our People, Supply Chain and Communities. We continue to focus on attracting, developing and retaining a high performing team of world class talent including providing support for our employees through expanded parenthood benefits and commitments to belonging and inclusion initiatives. We have programs in place to monitor and help mitigate risks in our supply chain guided by our Supplier Code of Conduct. We also partner with community organizations through our Community Giving Program with product donations, financial support and employee volunteer hours.

Our priority Planet impact areas include climate, responsible manufacturing, and raw materials sourcing. In our FY2025 Aritzia Impact Report (the FY2025 Aritzia Impact Report is not incorporated by reference into this MD&A), we disclosed a high-level climate strategy, including the results of our 2030 and 2050 climate scenario risk analysis. We published our greenhouse gas ("GHG") emissions reduction targets that were validated by the Science Based Targets initiative in Fiscal 2026. In Fiscal 2027, we will continue to refine a roadmap for GHG emissions reductions.

For a more detailed discussion on our Impact metrics and key performance indicators, refer to the Impact Report, available on Aritzia's Environmental and Social Information page at investors.aritzia.com (which is not incorporated by reference into this MD&A) and refer to the "Impact and Sustainability" section of the Company's AIF, which is available on SEDAR+ at www.sedarplus.com.

Consumer Trends

The apparel industry is subject to shifts in consumer trends, preferences and consumer spending and our revenue and operating results depend, in part, on our ability to respond to such changes and in a timely manner. Our differentiated multi-brand strategy gives us control over our products and provides us with the flexibility to optimize our brand mix as needed to address changes in consumer demand and fashion preferences, which has historically been a critical driver of our growth. Our revenue is also impacted by discretionary spending by consumers, which is affected by many factors that are beyond our control, including, but not limited to, general economic conditions, tariff, international trade policies and international conflicts that could put pressure on our pricing, consumer disposable income levels, consumer confidence levels, consumer debt, inflation, the cost of basic necessities and other goods and the effects of weather, natural disasters or global pandemics. We believe that our track record demonstrates the success of our exclusive brand strategy at responding to changes in fashion demands through all stages of economic cycles.

Seasonality

The apparel industry is seasonal in nature, with a higher proportion of net revenue and operating income generated in the second half of the fiscal year, which includes the back-to-school and holiday seasons. We also have higher working capital requirements in the periods preceding the launch of new seasons as we receive and pay for new inventory. We manage our working capital needs through cash flow from operations and our revolving credit facility.

Average quarterly share of annual net revenue over the last three completed fiscal years is as follows:

First fiscal quarter	19%
Second fiscal quarter	22%
Third fiscal quarter	28%
Fourth fiscal quarter	31%
Yearly total	100%

Weather

Extreme weather conditions in the areas in which our boutiques are located could adversely affect our business and financial results. For example, frequent or unusually heavy snowfall, ice storms, rainstorms or other extreme weather conditions over a prolonged period could make it difficult for our clients to travel to our boutiques and thereby reduce our revenue and profitability. This is potentially mitigated by our clients' ability to buy our products through aritzia.com and the Aritzia App. Our business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could render a portion of our inventory incompatible with those unseasonable conditions, which could adversely affect our ability to execute our strategy to effectively present seasonal inventory. Further, extreme weather conditions and natural disasters could materially impact our supply chain network.

Competition

We operate in the apparel industry, primarily within the Canadian and United States markets. We are strategically positioned in the global fashion landscape between fast fashion and luxury. We compete with a diverse group of specialty apparel retailers, department stores, fast fashion retailers, athletic retailers and other manufacturers and retailers of branded apparel. Market participants compete on the basis of, among other things, the location of boutiques, Digital experience, the breadth, style, quality, price and availability of merchandise, the level of client service and brand recognition. We believe that we successfully compete on the basis of several factors that include our strategic mix of exclusive brands and iconically Aritzia products, offering of a combination of high quality products at an attainable price point, our refined and evolving merchandise planning strategy, our focus on providing an aspirational shopping experience and exceptional client service, our premier real estate portfolio, captivating content and communications, and our market positioning, collectively resulting in a fashion brand loved by our clients all over the world.

Geopolitical, Social, Economic and Other Uncertainties

We face risks arising from geopolitical, social, economic and other uncertainties, including conflicts, regulatory changes, market volatility, and complex and dynamic changes in international trade and tax regulations (including tariffs, quotas, customs, and other restrictions). On February 1, 2025, the U.S. imposed new tariffs on goods imported from Canada, Mexico and China, under the International Emergency Economic Powers Act ("IEEPA"). On April 2, 2025, the U.S. Administration implemented a 10% baseline tariff on all U.S. imports. In addition, on August 29, 2025, the U.S. eliminated the de minimis exemption, which previously allowed low-value goods to enter the U.S duty-free. On February 20, 2026, the U.S. Supreme Court issued a ruling against tariffs imposed under IEEPA without providing guidance on the timing and process of refunds, after which the U.S. Administration issued new tariffs under alternative legislative powers. On March 4, 2026 the U.S. Court of International Trade (“CIT”) ordered U.S. Customs and Border Protection to liquidate and, where applicable, re-liquidate, or correct, certain import entries without regard to duties imposed under the IEEPA. The CIT order provides relief for entries affected by IEEPA tariffs with some of the refund mechanisms established, but the discussion regarding certain refund mechanisms is ongoing. At the end of May 2026, the Company commenced the process of submitting refund claims for eligible IEEPA tariffs paid. As of May 31, 2026, no amounts were received or recognized in relation to the IEEPA refund claims. The total amount that the Company will recover remains uncertain.

These changes have adversely impacted our business and results of operations. Our products are sourced from countries that are now subject to higher tariff rates on import to the U.S. In addition, the de minimis exemption is no longer available for any U.S. orders fulfilled by our Canadian distribution centres. To mitigate this, we have shifted our distribution and fulfillment strategies to adapt to the evolving trade landscape, including expanding and optimizing the capacity of our U.S. distribution centre to fulfill the majority of U.S. orders. As the situation continues to develop, there remains significant uncertainty regarding the duration and scope of tariffs and other trade actions and related remedies. For additional information, refer to the “Risk Factors” section of the Company’s AIF.

Foreign Exchange

Over half of our net revenue is derived in U.S. dollars and the vast majority of our inventory purchases are denominated in U.S. dollars. Both our net revenues and cost of goods sold could be impacted significantly by changes in the value of the Canadian dollar against the U.S. dollar. Fluctuations in the exchange rate of the Canadian dollar versus the U.S. dollar could materially affect our gross profit margins and operating results. If needed, we will use foreign currency forward contracts to mitigate risks associated with forecasted U.S. dollar merchandise purchases sold in Canada, but there can be no assurances that such strategies will prove to be successful. See the “Risk Factors” section of this MD&A.

NON-IFRS FINANCIAL MEASURES AND RETAIL INDUSTRY METRICS

This MD&A makes reference to certain non-IFRS Accounting Standards measures ("non-IFRS financial measures") and certain retail industry metrics. These measures are not recognized measures under IFRS Accounting Standards, do not have a standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS Accounting Standards measures by providing further understanding of our results of operations from management’s perspective. Accordingly, these measures should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS Accounting Standards. We use non-IFRS financial measures including “EBITDA”, “Adjusted EBITDA”, and “Adjusted Net Income”; non-IFRS Accounting Standards ratios ("non-IFRS ratios") including “Adjusted Net Income per Diluted Share”, "Adjusted EBITDA as a percentage of net revenue", and "Adjusted Net Income as a percentage of net revenue", "comparable sales" and "constant currency net revenue", and capital management measures including “capital cash expenditures (net of proceeds from lease incentives)”, and “free cash flow.” This MD&A also makes reference to “gross profit margin” which is a commonly used operating metric in the retail industry but may be calculated differently by other retailers. Gross profit margin is considered a supplementary financial measure under applicable securities laws. These non-IFRS financial measures and retail industry metrics are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS Accounting Standards measures. We believe that securities analysts, investors and other interested parties frequently use non-IFRS financial measures and retail industry metrics in the evaluation of issuers. Our management also uses non-IFRS financial measures and retail industry metrics in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. For definitions of these non-IFRS financial measures and retail industry metrics and reconciliations of these non-IFRS financial measures to the relevant reported measures, please see the “How We Assess the Performance of Our Business” and “Selected Financial Information” sections of this MD&A.

HOW WE ASSESS THE PERFORMANCE OF OUR BUSINESS

In assessing the performance of our business, we consider a variety of financial and operating measures that affect our operating results.

Net revenue reflects our sale of merchandise, less returns and discounts. The Company recognizes revenue when control of the goods or services has been transferred to the customer which generally occurs when the product is delivered to the customer and therefore may be subject to deferral. Revenue is measured at the fair value of consideration to which the Company expects to be entitled to, including variable consideration, if any, to the extent it is highly probable that a significant reversal will not occur. Revenues are measured net of discounts and an estimated allowance for returns. Revenues are reported net of sales taxes collected for various governmental agencies. Receipts from the sale of gift cards are treated as deferred revenue. When gift cards are redeemed for merchandise, the related revenue is recognized.

Comparable sales is a retail industry metric used to explain our total combined revenue growth (decline) (in absolute dollars or percentage terms) in Digital and established boutiques over the comparative reportable period. This is a useful measure of sales performance as it improves the comparability of our net revenue over time. Comparable sales is defined as sales from established boutiques and is calculated based on revenue from boutiques that have been opened for at least 56 weeks, and excludes boutiques that were repositioned, boutiques in centres where we opened a new additional boutique and boutiques significantly impacted by nearby construction and other similar disruptions during this period. Our comparable sales calculation excludes the impact of foreign currency fluctuations as we believe that it is less susceptible to variances driven by factors that do not reflect our performance. We apply the relevant prior year comparative’s average foreign currency exchange rate for the period to both current year and prior year comparable sales to achieve a consistent basis for comparison (i.e., on a constant currency basis).

Constant currency net revenue is a useful measure of sales performance as it improves the comparability of our net revenue over time. Constant currency net revenue assumes the average foreign currency exchange rates for the period remained constant with the average foreign currency exchange rates for the same period of the prior year. This measure helps provide investors an understanding of the underlying growth rate of net revenue excluding the impact of changes in foreign currency exchange rates.

Gross profit reflects our net revenue less cost of goods sold. Cost of goods sold includes inventory and product-related costs, occupancy costs, and depreciation expense for our boutiques and distribution centres. Our cost of goods sold may include different costs compared to other retailers. Gross profit margin is impacted by the components of cost of goods sold, product mix and markdowns. We define gross profit margin as our gross profit divided by our net revenue.

Selling, general and administrative (“SG&A”) expenses consists of selling expenses that are generally variable with net revenue and general and administrative operating expenses that are primarily fixed. Our SG&A expenses also include depreciation and amortization expenses for all support office assets and intangible assets.

SG&A expenses as a percentage of net revenue, excluding strategic investments in technology and infrastructure, are usually higher in the lower net revenue volume first and second quarters, and lower in the higher net revenue volume third and fourth quarters because a portion of these costs are relatively fixed. Our SG&A expenses may include different expenses compared to other retailers.

EBITDA is defined as consolidated net income before depreciation and amortization, finance expense and income tax expense. We believe this measure is useful as it is used by management as a component of reconciliation between other non-IFRS financial measures and their most comparable IFRS Accounting Standards measure.

Adjusted EBITDA and Adjusted EBITDA as a percentage of net revenue are useful measures of operating performance, as we believe they provide a more relevant picture of operating results in that the measures exclude the effects of financing and investing activities by removing the effects of interest, depreciation and amortization expenses that are not reflective of underlying business performance and other one-time or non-recurring expenses.

We use Adjusted EBITDA and Adjusted EBITDA as a percentage of net revenue to facilitate a comparison of our operating performance on a consistent basis from period-to-period and to provide for a more complete understanding of factors and trends affecting our business. We define Adjusted EBITDA as consolidated net income before depreciation and amortization, finance expense and income tax expense, adjusted for the impact of certain items, such as a deduction of interest expense and depreciation relating to our leases to reflect an estimate of rent expense and including non-cash items and/or items we consider non-recurring and not representative of our ongoing operating performance, such as stock-based compensation expense, unrealized gains or losses on equity derivative and forward contracts, foreign exchange gains or losses on intercompany balances, and other fair value adjustments. Because Adjusted EBITDA excludes certain non-cash items, we believe that it is less susceptible to variances in actual performance resulting from depreciation and amortization and other non-cash charges. We define Adjusted EBITDA as a percentage of net revenue as the percentage obtained by dividing Adjusted EBITDA by net revenue. Historically, we did not adjust for foreign exchange gains or losses on intercompany balances. However, management believes that the inclusion of this adjustment more appropriately reflects our normalized operating performance. See "Summary of Consolidated Quarterly Results and Certain Performance Measures" on pages 25 and 26 of this MD&A for further details.

Adjusted Net Income (and per Diluted Share) and Adjusted Net Income as a percentage of net revenue are useful measures of performance, as we believe they provide a more relevant picture of results by excluding the effects of expenses that are not reflective of underlying business performance and other one-time or non-recurring expenses. We use Adjusted Net Income, Adjusted Net Income per Diluted Share, and Adjusted Net Income as a percentage of net revenue to facilitate a comparison of our performance on a consistent basis from period-to-period and to provide for a more complete understanding of factors and trends affecting our business. We define Adjusted Net Income as consolidated net income adjusted for the impact of certain items, including non-cash items and/or other items we consider non-recurring and not representative of our ongoing operating performance, such as stock-based compensation expense, unrealized gains or losses on equity derivative and forward contracts, foreign exchange gains or losses on intercompany balances, and other fair value adjustments, net of related tax effects. Historically, we did not adjust for foreign exchange gains or losses on intercompany balances. However, management believes that the inclusion of this adjustment more appropriately reflects our normalized operating performance. We define Adjusted Net Income per Diluted Share by dividing Adjusted Net Income by the weighted average number of diluted shares outstanding. We define Adjusted Net Income as a percentage of net revenue as the percentage obtained by dividing Adjusted Net Income by net revenue. See "Summary of Consolidated Quarterly Results and Certain Performance Measures" on pages 25 and 26 of this MD&A for further details.

Capital cash expenditures (net of proceeds from lease incentives) is a measure we believe to be a useful indicator of the net cash capital investment relating to our boutiques and infrastructure. We define capital cash expenditures (net of proceeds from lease incentives) as cash used in investing activities, excluding cash used in business combinations and other acquisitions, less proceeds from lease incentives.

Free cash flow is a useful metric because it is an indicator of how much cash is available for business acquisitions, debt repayment, share repurchases and other investing and financing activities. Our sustained ability to generate free cash flow is an indicator of the financial strength of our business, as we require regular capital expenditures to build and maintain boutiques and invest in infrastructure. We define free cash flow as net cash generated from operating activities excluding interest paid on credit facilities, less repayments of principal on lease liabilities and capital cash expenditures (net of proceeds from lease incentives).

RESULTS OF OPERATIONS

Analysis of Results for First Quarter Fiscal 2027

Consolidated Statements of Operations *(unaudited, in thousands of Canadian dollars, unless otherwise noted)*	**Q1 2027**			**Q1 2026**		
			% of net revenue			*% of net revenue*
Net revenue	$	951,009	100.0%	$	663,316	100.0%
Cost of goods sold		472,984	49.7%		350,519	52.8%
Gross profit		478,025	50.3%		312,797	47.2%
Selling, general and administrative		304,634	32.0%		222,483	33.5%
Stock-based compensation expense		22,148	2.3%		10,186	1.5%
Income from operations		151,243	15.9%		80,128	12.1%
Finance expense		16,474	1.7%		12,955	2.0%
Other expense (income)		(30,838)	(3.2)%		8,322	1.3%
Income before income taxes		165,607	17.4%		58,851	8.9%
Income tax expense		48,344	5.1%		16,460	2.5%
Net income	$	117,263	12.3%	$	42,391	6.4%
Net income per diluted share	$	0.99		$	0.36	
Adjusted EBITDA[1]	$	191,572	20.1%	$	106,132	16.0%
Adjusted Net Income[1]	$	113,875	12.0%	$	57,424	8.7%
Adjusted Net Income per Diluted Share[1]	$	0.96		$	0.49	

Net revenue increased 43.4% to $951.0 million, compared to $663.3 million in Q1 2026, or increased 45.8% on a constant currency[1] basis, driven by outstanding comparable sales growth and the strong performance of the Company's new and repositioned boutiques. Comparable sales[1] increased 35.1%, as all channels and all geographies generated positive double-digit growth. This was driven by exceptional demand for the Company's product offering, supported by the Company's digital initiatives and its strategic marketing investments.

- In the **United States**, net revenue increased 54.5% to $638.1 million, compared to $413.0 million in Q1 2026. This was fueled by the Company's real estate expansion strategy as well as outstanding comparable sales growth in its existing boutiques and in Digital.
- Net revenue in **Canada** increased 25.0% to $312.9 million, compared to $250.3 million in Q1 2026, driven by outstanding comparable sales growth in Digital and in the Company's existing boutiques.
- **Retail** net revenue increased 38.7% to $666.3 million, compared to $480.3 million in Q1 2026. The increase was driven by outstanding comparable sales growth in both countries and the strong performance of the Company's new and repositioned boutiques. In the last 12 months, the Company opened 14 new boutiques and repositioned five boutiques. Boutique count[5] at the end of Q1 2027 totaled 143 compared to 131 boutiques at the end of Q1 2026.
- **Digital** net revenue increased 55.5% to $284.7 million, compared to $183.0 million in Q1 2026. The increase was fueled by strong traffic growth, driven by robust demand for the Company's product offering, its new mobile app and its investments in digital marketing.

[5] CYC had four Reigning Champ boutiques as at May 31, 2026 (three boutiques as at June 1, 2025) which are excluded from the boutique count. There were two banner boutiques closed in the same location where an existing boutique was expanded during Q1 2027. During Q4 2026, one boutique closed and one pop-up boutique was converted into a permanent boutique.

The following table provides net revenue by channel and geographic location for the periods indicated.

(unaudited, in thousands of Canadian dollars)	Q1 2027	Q1 2026
Retail net revenue	$ 666,344	$ 480,306
Digital net revenue	284,665	183,010
Net revenue	$ 951,009	$ 663,316

	Q1 2027	Q1 2026
United States net revenue	$ 638,083	$ 412,987
Canada net revenue	312,926	250,329
Net revenue	$ 951,009	$ 663,316

Gross profit increased 52.8% to $478.0 million, compared to $312.8 million in Q1 2026. Gross profit margin[1] was 50.3%, compared to 47.2% in Q1 2026. The 310 bps increase in gross profit margin was primarily driven by IMU improvements, leverage on store occupancy and other fixed costs as well as lower markdowns, partially offset by the impact of additional tariffs and the elimination of the de minimis exemption.

SG&A expenses increased 36.9% to $304.6 million, compared to $222.5 million in Q1 2026. SG&A expenses were 32.0% of net revenue, compared to 33.5% in Q1 2026. The 150 bps improvement was primarily driven by expense leverage and savings from the Company's smart spending initiative.

Depreciation and amortization increased $11.5 million to $60.2 million, compared to $48.7 million in Q1 2026 primarily due to the depreciation and amortization for new and repositioned boutiques, including flagships. The following table provides the depreciation and amortization expense for the periods indicated.

(unaudited, in thousands of Canadian dollars)	Q1 2027	Q1 2026
Depreciation on right-of-use assets	$ 28,792	$ 23,572
Depreciation and amortization	31,429	25,171
Total depreciation and amortization	$ 60,221	$ 48,743

Stock-based compensation expense increased $12.0 million to $22.1 million, compared to $10.2 million in Q1 2026, primarily due to the impact of the Company's continuing growth and impact of the increase in the Company's share price. The following table provides details of the stock-based compensation expense for the periods indicated.

(unaudited, in thousands of Canadian dollars)	Q1 2027	Q1 2026
Equity-settled plans		
Stock options	$ 5,702	$ 5,005
Restricted Share Units ("RSU")	3,391	1,915
Performance Share Units ("PSU")	5,264	2,629
Cash-settled plans	7,791	637
Stock-based compensation expense	$ 22,148	$ 10,186

The Company uses equity derivative contracts (total return swaps) to offset our cash flow variability of the expected payment associated with our cash-settled deferred share units and open market-settled RSUs and PSUs, if applicable. Realized and unrealized gains and losses related to these equity derivative contracts are recorded in other expense (income).

Finance expense increased $3.5 million to $16.5 million, compared to $13.0 million in Q1 2026. The increase in finance expense was primarily due to higher interest expense on lease liabilities from new and repositioned boutiques.

Other expense (income) was $(30.8) million, compared to $8.3 million in Q1 2026. The following table provides details of other expense (income) for the periods indicated.

(unaudited, in thousands of Canadian dollars)	Q1 2027	Q1 2026
Realized and unrealized foreign exchange loss (gain)	$ 1,639	$ (482)
Realized and unrealized foreign exchange loss (gain) on intercompany balances	(2,790)	10,798
Unrealized loss (gain) on equity derivative contracts	(27,896)	22
Interest and other income	(3,797)	(2,234)
Other	2,006	218
Other expense (income)	$ (30,838)	$ 8,322

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year. To the extent that forecasts differ from actual results, adjustments are recognized in subsequent periods. The statutory income tax rate for Q1 2027 and Q1 2026 was 26.7% and 26.8%, respectively.

Income tax expense was $48.3 million, compared to $16.5 million in Q1 2026 and the effective tax rates for Q1 2027 and Q1 2026 were 29.2% and 28.0%, respectively. The effective tax rates are driven largely by the proportionate amount of deductible and non-deductible stock-based compensation expense on equity-settled plans relative to net income before income taxes.

Net income was $117.3 million, or 12.3% of net revenue, an increase of 176.6% compared to $42.4 million, or 6.4% of net revenue, in Q1 2026, primarily attributable to the factors described above. **Net income per diluted share** was $0.99 per share, an increase of 175.0% compared to $0.36 per share in Q1 2026. The increase in net income per diluted share were primarily attributable to the factors discussed above.

Adjusted EBITDA[1] was $191.6 million, or 20.1% of net revenue[1], an increase of 80.5% compared to $106.1 million, or 16.0% of net revenue in Q1 2026. The increase in Adjusted EBITDA and Adjusted EBITDA as a percentage of net revenue was attributable to the factors discussed above.

Adjusted Net Income[1] was $113.9 million, an increase of 98.3% compared to $57.4 million in Q1 2026. **Adjusted Net Income per Diluted Share[1]** was $0.96 per share, an increase of 95.9% compared to $0.49 per share in Q1 2026. The increase in Adjusted Net Income and Adjusted Net Income per Diluted Share was primarily attributable to the factors discussed above.

Effective the first quarter of Fiscal 2027, the Company updated the composition of its Adjusted EBITDA to adjust for foreign exchange losses or gains on intercompany balances. The following table provides the impact of foreign exchange losses or gains on intercompany balances to Adjusted EBITDA[1] and Adjusted Net Income[1]:

(unaudited, in thousands of Canadian dollars, unless otherwise noted)	Q1 2027		Q1 2026		Change	
		% of net revenue		*% of net revenue*	*%*	*bps*
Adjusted EBITDA[1]	$ 191,572	20.1 %	$ 106,132	16.0 %	80.5 %	410
Foreign exchange on intercompany balances - add back gains / (deduct losses)	2,790		(10,798)			
Adjusted EBITDA[1] with foreign exchange on intercompany balances	$ 194,362	20.4 %	$ 95,334	14.4 %	103.9 %	600
Adjusted Net Income[1]	$ 113,875	12.0 %	$ 57,424	8.7 %	98.3 %	330
Foreign exchange on intercompany balances - add back gains / (deduct losses)	2,790		(10,798)			
(Increase) decrease to related tax effects	(773)		2,704			
Adjusted Net Income[1] with foreign exchange on intercompany balances	$ 115,892	12.2 %	$ 49,330	7.4 %	134.9 %	480

Cash and cash equivalents at the end of Q1 2027 totaled $471.9 million compared to $292.6 million at the end of Q1 2026. See "Analysis of Cash Flows for the First Quarter Fiscal 2027" for further details.

Inventory at the end of Q1 2027 was $547.8 million, an increase of 33.8% compared to $409.5 million at the end of Q1 2026.

Capital cash expenditures (net of proceeds from lease incentives)[1] were $63.0 million in Q1 2027, compared to $52.3 million in Q1 2026. Capital cash expenditures in Q1 2027 primarily consisted of capital investments in new and repositioned boutiques and the construction of the Company's new distribution centre in British Columbia.

Shares repurchased under the Company's NCIB totaled 564,500 SVS for $66.2 million, compared to 15,200 SVS for $0.9 million in Q1 2026. In addition, the Company purchased 90,000 SVS for $12.6 million, compared to 250,000 for $16.9 million in Q1 2026, to be held in trust to settle the vesting of RSU and PSU grants.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our principal uses of funds are for operating expenses, capital expenditures, debt (if any) service requirements and return to shareholders (share buybacks). We believe that cash generated from operations, together with amounts available under our revolving credit facility and revolving line of credit, are expected to be sufficient to meet our future operating expenses, capital expenditures, debt (if any) service requirements and return to shareholders (share buybacks). Our ability to fund future operating expenses, capital expenditures, debt service requirements and return to shareholders (share buybacks) will depend on, among other things, our future operating performance, which will be affected by general economic, financial and other factors, including factors beyond our control. See “Summary of Factors Affecting Performance”, “Recent Events” and “Risk Factors” of this MD&A for additional information. We review investment opportunities in the normal course of our business and may make select investments to implement our business strategy when suitable opportunities arise. Historically, the funding for any such investments has come from cash flows from operating activities and/or our revolving credit facility and revolving line of credit.

Revolving Credit Facility and Revolving Line of Credit

As at May 31, 2026, we have a $300.0 million revolving credit facility and a US$10.0 million revolving line of credit issued by a member of the lending syndicate in connection with the revolving credit facility which were undrawn at May 31, 2026. In addition, the Company has an uncommitted revolving demand credit facility for general cash management needs with a limit of $5.0 million. The revolving credit facility bears interest at Canadian Overnight Repo Rate Average, Secured Overnight Financing Rate or Canadian prime or base rate, plus a marginal rate between 0.45% and 2.45% (March 1, 2026 – 0.45% and 2.45%) and a maturity date of October 8, 2030.

The revolving credit facility agreement (including the revolving line of credit by extension) contains restrictive covenants customary for credit facilities of this nature, including restrictions on us and each credit facility guarantor, subject to certain exceptions, to incur indebtedness, grant liens, merge, amalgamate or consolidate with other companies, transfer, lease or otherwise dispose of all or substantially all of its assets, liquidate or dissolve, engage in any material business other than the fashion retail business, make investments, acquisitions, loans, advances or guarantees, make any restricted payments, enter into transactions with affiliates, repay indebtedness, enter into restrictive agreements, enter into sale-leaseback transactions, ensure pension plan compliance, sell or discount receivables, enter into agreements with unconditional purchase obligations, issue shares, create or acquire a subsidiary or make any hostile acquisitions.

In addition, as at May 31, 2026, we also have available a $25.0 million cash-secured letter of credit as part of the revolving credit facility and other letters of credit facilities of CAD$30.0 million and US$25.0 million (March 1, 2026 - CAD$30.0 million and US$25.0 million), secured *pari passu* with the revolving credit facility and the revolving line of credit. The interest rate for the letters of credit is between 1.17% and 2.75% (March 1, 2026 - 1.17% and 2.75%).

See “Off-Balance Sheet Arrangements” for details regarding the letters of credit issued.

Cash Flows

The following table presents cash flows for the periods indicated.

(unaudited, in thousands of Canadian dollars)	Q1 2027	Q1 2026
Net cash generated from (used in) operating activities	$ 81,235	$ 100,280
Net cash generated from (used in) financing activities	(91,295)	(31,193)
Cash generated from (used in) investing activities	(110,975)	(59,091)
Effect of exchange rate changes on cash and cash equivalents	840	(3,020)
Change in cash and cash equivalents	$ (120,195)	$ 6,976

Analysis of Cash Flows for the First Quarter Fiscal 2027

Net Cash Generated From (Used In) Operating Activities

For Q1 2027, net cash generated from operating activities totaled $81.2 million, compared to $100.3 million in Q1 2026. This change was primarily attributable to an increase in income taxes paid due to timing and a decrease in cash flows from changes in working capital assets and liabilities primarily due to an increase in inventory and timing of payments, partially offset by an increase in income from operations.

Net Cash Generated From (Used In) Financing Activities

For Q1 2027, net cash used in financing activities totaled $91.3 million, compared to $31.2 million in Q1 2026. The increase is primarily attributable to the repurchase of SVS which were cancelled under the Company's 2026 NCIB and 2025 NCIB.

Cash Generated from (Used In) Investing Activities

For Q1 2027, cash used in investing activities totaled $111.0 million, compared to $59.1 million in Q1 2026. Investing activities in Q1 2027 primarily relate to capital investments in new and repositioned boutiques, the Company's new distribution centre in British Columbia, and a loan to, and investment in, a joint venture which owns a property that the Company expects to be a future boutique location. In Q1 2026, investing activities primarily related to capital investments in new and repositioned boutiques (including flagship boutiques).

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes our significant undiscounted maturities of our contractual obligations and commitments as at May 31, 2026.

(unaudited, in thousands of Canadian dollars)	Less than 1 year	1 to 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	$ 562,195	$ —	$ —	$ 562,195
Lease liabilities	186,524	668,364	557,116	1,412,004
Minimum lease commitments with future commencement dates	3,279	81,996	180,012	265,287
Total contractual obligations and commitments	$ 751,998	$ 750,360	$ 737,128	$ 2,239,486

As at May 31, 2026, the Company also had approximately $83.3 million remaining on issued purchase orders for expected capital expenditures in the current and future years. Capital expenditures are generally funded from the Company's operating cash flows and, if needed, from the available revolving credit facility.

OFF-BALANCE SHEET ARRANGEMENTS

Our third party manufacturers purchase raw materials on our behalf to be used for future production. As at May 31, 2026, we had purchase obligations of $164.5 million (June 1, 2025 - $112.4 million), which represent commitments for fabric expected to be used during upcoming seasons, made in the normal course of business.

We enter into trade letters of credit to facilitate the international purchase of inventory. We also enter into standby letters of credit to secure certain of our obligations, including leases and duties related to import purchases. As at May 31, 2026, letters of credit totaling $4.7 million (June 1, 2025 - $4.3 million) have been issued.

FINANCIAL INSTRUMENTS

Financial instruments related to the acquisition of CYC

In connection with the acquisition of CYC in June, 2021 we entered into two financial instruments that were revalued on a recurring basis in the consolidated financial statements: contingent consideration and non-controlling interest in exchangeable shares liability. Changes in the fair value of these two financial instruments were recorded in net income. On May 26, 2023, the Company and the selling shareholders agreed to the Company's early acquisition of the remaining 25% interest in CYC held through CYC's exchangeable shares which resulted in the extinguishment of the existing non-controlling interest in exchangeable shares liability and a net derivative asset. As at March 1, 2026, the value of the net derivative asset was $14.5 million and recorded in derivative assets in the consolidated statements of financial position. On March 31, 2026, this arrangement was settled, resulting in the extinguishment of the derivative asset.

The details of, and significant assumptions made in determining the fair value of our financial instruments, including those related to the acquisition of CYC, are disclosed in note 11 to our Fiscal 2026 audited annual consolidated financial statements.

Equity derivative contracts

We have equity derivative contracts (total return swaps) to hedge the share price exposure on our cash-settled deferred share units and open market-settled RSUs and PSUs, if applicable. These contracts are not designated as hedging instruments for accounting purposes. Changes in the fair value of equity derivative contracts are recorded in other expense (income). The following table provides details of realized and unrealized losses (gains) for the periods indicated.

(unaudited, in thousands of Canadian dollars)	**Q1 2027**	**Q1 2026**
Unrealized loss (gain) for the change in fair value of equity derivative contracts	$ (27,896)	$ 22

As at May 31, 2026, the equity derivative contracts had a positive fair value of $91.5 million (March 1, 2026 - $63.6 million) which are recorded in derivative assets in the consolidated statements of financial position.

RELATED PARTY TRANSACTIONS

During Q1 2027, we made payments of $3.2 million (Q1 2026 - $2.9 million) for lease of premises, management services and other and $0.1 million (Q1 2026 - $0.3 million) for the use of an asset to companies wholly or partially owned by the Founder and Executive Chair of the Company, Brian Hill. As at May 31, 2026, a net amount of $nil was included in accounts payable and accrued liabilities and accounts receivable (March 1, 2026 - $0.3 million) and $1.3 million was included in other current assets for lease of premises (March 1, 2026 - $0.8 million). As at May 31, 2026, the outstanding balance of lease liabilities owed to these companies was $70.8 million (March 1, 2026 - $70.0 million). These transactions were measured at the amount of consideration established at market terms.

TRANSACTIONS WITH KEY MANAGEMENT

Key management includes our directors and executive team. Compensation awarded to key management includes:

(unaudited, in thousands of Canadian dollars)	**Q1 2027**	**Q1 2026**
Salaries, directors' fees and short-term benefits	$ 3,840	$ 2,398
Stock-based compensation	13,664	3,327
Key management compensation	$ 17,504	$ 5,725

The increase in key management compensation is commensurate with the Company's growth and performance, along with the impact from the increase in the Company's share price on stock-based compensation.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in accordance with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are continuously evaluated and are based on management's best judgments and experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates.

The following discusses the most significant accounting judgments and estimates made by management in preparation of the consolidated financial statements:

Return Allowances

Recognizing provisions for sales return allowances requires the use of estimates of the return rate of merchandise based on historical return patterns.

Valuation of Finished Goods Inventory

Inventory is stated at the lower of cost and net realizable value. We periodically review our inventories and make provisions which requires the use of estimates related to product quality, damages, inventory shrinkage for lost or stolen items, future demand, selling prices, and market conditions.

Impairment of Goodwill and Indefinite Life Intangible Assets

Goodwill and indefinite life intangible asset impairment testing requires the use of estimates in the impairment testing model. On an annual basis, we test whether goodwill and indefinite life intangible assets are impaired. The recoverable value is determined using discounted future cash flow models, which incorporate estimates regarding future events, specifically future cash flows, growth rates and discount rates. We use judgment in determining the grouping of assets to identify our cash generating units ("CGUs") for purposes of testing for impairment. In testing for impairment, goodwill acquired in a business combination is allocated to the group of CGUs that are expected to benefit from the synergies of the business combination, which involves judgment.

Leases

We estimate the incremental borrowing rate used for calculating lease liabilities and right-of-use assets. We estimate the incremental borrowing rate of each leased asset as the rate of interest that we would have to pay to borrow, over a similar term with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

We exercise judgment in determining the appropriate lease term at the lease commencement date. We exercise judgment on whether we will exercise available renewal or termination options, and thus include such options in the lease terms. We consider all facts and circumstances that create an economic incentive to exercise a renewal or termination option.

Tariffs

The United States is Canada's largest trading and investment partner, and as a result, the Canadian economy is significantly affected by developments in the U.S. economy. On April 2, 2025, the U.S. announced a 10% baseline tariff on imports from nearly all countries with higher country-specific tariff rates beginning April 9, 2025 although the effective date was delayed to allow for negotiations. The U.S. completed negotiations with certain countries, including Vietnam, resulting in tariff rates higher than the 10% baseline rate. On July 30, 2025, the U.S. president signed an executive order removing the de minimis exemption for all countries effective August 29, 2025. On February 20, 2026, the Supreme Court of the United States issued a ruling against these tariffs, but did not address the process for tariff refunds. On March 4, 2026 the CIT ordered U.S. Customs and Border Protection to liquidate and, where applicable, reliquidate, or correct, certain import entries without regard to duties imposed under the IEEPA. At the end of May 2026, the Company commenced the process of submitting refund claims for eligible IEEPA tariffs paid. As of May 31, 2026, no amounts were received or recognized in relation to the IEEPA refund claims. The total amount that the Company will recover remains uncertain. As the trade landscape continues to evolve, to the extent certain tariffs on affected goods are permanent and applicable for an extended time period, there could be material impacts on the Company's results of operations and carrying amounts of certain assets and liabilities.

ACCOUNTING POLICY DEVELOPMENTS

IFRS 7 and IFRS 9 - Classification and Measurement of Financial Instruments

In May 2024, the International Accounting Standards Board ("IASB") issued amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures to clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system, clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion, add new disclosures for certain instruments with contractual terms that can change cash flows (such as instruments with features linked to the achievement of environmental and social targets), and update the disclosure of equity instruments designated at fair value through other comprehensive income ("FVOCI"). These amendments are effective for annual reporting periods beginning on or after January 1, 2026. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18")

The IASB issued IFRS 18 - Presentation and Disclosure in the Financial Statements, in April 2024 which is effective for annual reporting periods beginning on or after January 1, 2027. The new standard establishes a revised structure for the consolidated statements of operations to improve comparability across entities and introduce management-defined performance measures ("MPMs"). Based on the Company's preliminary assessments, the following changes are expected:

- The consolidated statements of comprehensive income will be grouped into categories as required under IFRS 18. This will result in new subtotals and line items, as well as changes in the calculation of existing subtotals and line items. The new standard will not impact gross profit and net income.
- There will be additional disclosures related to MPMs, which are defined as a subtotal of income and expenses, not required by IFRS, that a company uses in public communications outside of its financial statements to convey an aspect of the financial performance of the company as a whole. For each MPM, the Company will disclose a reconciliation between the MPM and the most directly comparable subtotal defined by IFRS, tax effect of each reconciling item and where the reconciling item is located on the consolidated statements of operations, among other required disclosures. In addition, IFRS 18 requires specific expense aggregation disclosures, which will result in changes to the presentation of the Company's expenses by nature note.

The standard will be applied by the Company for its Fiscal 2028 consolidated financial statements, retrospectively. As a result, the comparative information for Fiscal 2027 will be presented in accordance with IFRS 18. The Company continues to assess the impact of these amendments on the consolidated financial statements.

Other

A number of other new accounting standards, amendments to standards and interpretations of standards have been issued by the IASB but are not yet effective for the year ending February 28, 2027. The Company does not expect the implementation of these accounting pronouncements to have a significant impact to its accounting policies and consolidated financial statements.

RISK FACTORS

For a detailed description of risk factors associated with the Company, refer to the “Risk Factors” section of the Company’s AIF, which is available on SEDAR+ at www.sedarplus.com.

In addition, we are exposed to a variety of financial risks in the normal course of operations including geopolitical and macroeconomic, foreign exchange, interest rate, credit, liquidity and equity price risk, as summarized below. Our overall risk management program and business practices seek to minimize any potential adverse effects on our consolidated financial performance.

Risk management is carried out under practices approved by our Audit Committee. This includes reviewing and making recommendations to the Board of Directors on the adequacy of our risk management policies and procedures with regard to identifying the Company’s principal risks and implementing appropriate systems and controls to manage these risks. Risk management covers many areas of risk including, but not limited to, geopolitical and macroeconomic conditions, foreign exchange risk, interest rate risk, credit risk, liquidity risk and equity price risk.

Geopolitical and Macroeconomic Risk

We source the majority of our raw materials and merchandise from various suppliers in Asia, Europe and Central America and generate over half of our net revenues from the United States and so are dependent on international trade relations, agreements and regulations. On April 2, 2025, the U.S. announced a 10% baseline tariff on imports from nearly all countries with higher country-specific tariff rates beginning April 9, 2025 although the effective date was delayed to allow for negotiations. The U.S. has completed negotiations with certain countries, including Vietnam, resulting in tariff rates higher than the 10% baseline rate. The U.S. tariff and customs policies continue to change and trade negotiations between the U.S. and other countries are ongoing. In addition, on August 29, 2025, the U.S. eliminated the de minimis exemption, which previously allowed low-value goods to enter the U.S. duty-free. On February 20, 2026, the Supreme Court of the United States issued a ruling against these tariffs, but did not address the process for tariff refunds. On March 4, 2026 the CIT ordered U.S. Customs and Border Protection to liquidate and, where applicable, reliquidate, or correct, certain import entries without regard to duties imposed under the IEEPA. At the end of May 2026, the Company commenced the process of submitting refund claims for eligible IEEPA tariffs paid. As of May 31, 2026, no amounts were received or recognized in relation to the IEEPA refund claims. The total amount that the Company will recover remains uncertain. The disruptions caused by the continuing changes in the tariff landscape, including the de minimis removal, and any other trade restrictions or other similar measures (and any retaliatory measures) could adversely impact the profitability of our business, financial condition and results of operations.

General economic conditions in Canada, the United States and other parts of the world, including lower levels of consumer spending, economic volatility, international conflicts and international trade policies and tariffs, can affect consumer confidence and consumer purchases of discretionary items, including fashion apparel and related products such as ours. Therefore, demand for our products may be impacted by general macroeconomic conditions, which could worsen as a result of the imposition of new duties, tariffs and other trade restrictions or other similar measures. Our sensitivity to economic cycles and any related fluctuation in consumer demand may adversely affect our results of operations and financial condition. We continue to monitor the evolving macroeconomic conditions and to adapt as needed while focusing on our strategic growth levers: geographic expansion, digital growth and increased brand awareness.

Foreign Exchange Risk

We source the majority of our raw materials and merchandise from various suppliers in Asia, Europe and Central America with the vast majority of purchases denominated in U.S. dollars. This risk is partially mitigated with over half of our net revenues generated in U.S. dollars. Our foreign exchange risk is primarily with respect to the U.S. dollar but we have limited exposure to other currencies as well. We may use foreign currency forward contracts to mitigate risks associated with forecasted U.S. dollar merchandise purchases sold in Canada. As at May 31, 2026, we have no foreign currency forward contracts outstanding and none were utilized during the 13-week period ended May 31, 2026.

Interest Rate Risk

We have a revolving credit facility, revolving line of credit and uncommitted revolving demand credit facility which provide available borrowings in an amount up to $300.0 million, US$10 million and $5.0 million, respectively. Because the revolving credit facility and revolving line of credit bear interest at variable rates, we are exposed to market risks relating to changes in interest rates on outstanding balances. As at May 31, 2026, no amounts were drawn under the revolving credit facility and the revolving line of credit.

Credit Risk

Credit risk refers to the possibility of an unexpected event if a counterparty to a financial instrument fails to meet their contractual obligations. Financial instruments that potentially subject us to credit risk consist of cash and cash equivalents, accounts receivable, and derivative contracts used to hedge market risks. We are exposed to minimal credit risk. We deposit our cash and cash equivalents with major financial institutions that have been assigned high credit ratings by internationally recognized credit rating agencies. We are exposed to credit risk on receivables from our landlords in relation to tenant improvement allowances. To reduce this risk, we enter into leases with landlords with established credit history, and for certain leases, we may offset rent payments until accounts receivable are fully satisfied. We only enter into derivative contracts with major financial institutions, as described above and as needed, for the purchase of foreign currency forward contracts.

Liquidity Risk

Liquidity risk is the risk that we cannot meet a demand for cash or fund our obligations as they come due. We manage liquidity risk by continuously monitoring actual and projected cash flows, taking into account the seasonality of our revenue, income, working capital and capital expenditure needs. The revolving credit facility and related revolving line of credit are used to maintain liquidity. As at May 31, 2026, no amounts were drawn under the revolving credit facility and revolving line of credit.

Equity Price Risk

We are exposed to risk arising from the settlement of our cash-settled deferred share units and open market-settled RSUs and PSUs, if applicable, as an appreciating SVS share price increases the potential value of the settlement. We record a liability for the potential future settlement of our cash-settled deferred share units by reference to the fair value of the liability. We may use equity derivative contracts to offset the variability of our share prices associated with the settlement of our cash-settled deferred share units and open market-settled RSUs and PSUs. We only enter into equity derivative contracts with major financial institutions. As at May 31, 2026, the fair value of the equity derivative contract was in an asset position of $91.5 million.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining a system of disclosure controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Such controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management on a timely basis, including the Chief Executive Officer and the Chief Financial Officer, so that they can make appropriate and timely decisions regarding public disclosure.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS. The Company’s internal controls over financial reporting include, but are not limited to, detailed policies and procedures relating to financial accounting and reporting, and controls over systems that process and summarize transactions. The Company’s procedures for financial reporting also include the active involvement of qualified financial professionals, senior management and its Audit Committee.

In designing such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures. Therefore, even when determined to be designed effectively, disclosure controls and internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during Q1 2027 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CURRENT SHARE INFORMATION

As of July 8, 2026, an aggregate of 96,253,101 SVS, 18,327,244 MVS and no preferred shares are issued and outstanding. All of the issued and outstanding MVS are, directly or indirectly, held or controlled by Brian Hill, our principal shareholder, Founder and Executive Chair. As of July 8, 2026, an aggregate of 5,542,555 options, 670,586 PSUs and 973,978 RSUs to acquire SVS are outstanding.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company’s AIF, is available on SEDAR+ at www.sedarplus.com. The Company’s SVS are listed for trading on the TSX under the symbol “ATZ”.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS AND CERTAIN PERFORMANCE MEASURES

The following table summarizes the results of our operations for the eight most recently completed quarters. This unaudited quarterly information, other than Adjusted EBITDA, Adjusted Net Income, Adjusted Net Income per Diluted Share, capital cash expenditures (net of proceeds from lease incentives), free cash flow and comparable sales, has been prepared in accordance with IFRS Accounting Standards. Due to seasonality, the results of operations for any quarter are not necessarily indicative of the results of operations for the fiscal year.

Consolidated Quarterly Results[6]

(interim periods unaudited, in thousands of Canadian dollars, unless otherwise noted)	Fiscal 2027	Fiscal 2026				Fiscal 2025		
	Q1	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Financial Summary:								
Net revenue	$ 951,009	$ 1,186,515	$ 1,040,263	$ 812,054	$ 663,316	$ 895,118	$ 728,701	$ 615,663
Cost of goods sold	472,984	672,518	561,354	456,424	350,519	515,014	395,216	368,177
Gross profit	478,025	513,997	478,909	355,630	312,797	380,104	333,485	247,486
SG&A	304,634	312,494	290,380	250,213	222,483	246,015	215,649	199,502
Income from operations	151,243	183,020	169,649	91,257	80,128	116,713	107,592	34,558
Net income (loss)	117,263	134,270	138,886	66,301	42,391	99,642	74,068	18,247
Net income (loss) per share	$ 1.03	$ 1.16	$ 1.20	$ 0.58	$ 0.37	$ 0.88	$ 0.66	$ 0.16
Net income (loss) per diluted share	$ 0.99	$ 1.12	$ 1.16	$ 0.56	$ 0.36	$ 0.84	$ 0.63	$ 0.16
Adjusted EBITDA[7]	$ 191,572	$ 226,995	$ 203,266	$ 123,277	$ 106,132	$ 153,541	$ 126,038	$ 58,015
Adjusted Net Income[7]	$ 113,875	$ 143,036	$ 127,932	$ 70,235	$ 57,424	$ 92,500	$ 75,122	$ 26,690
Adjusted Net Income[7] per Diluted Share	$ 0.96	$ 1.19	$ 1.07	$ 0.59	$ 0.49	$ 0.78	$ 0.64	$ 0.23
Weighted average number of diluted shares outstanding (in thousands)	118,948	120,171	119,740	119,101	118,210	118,395	116,836	116,035
Cash and cash equivalents	$ 471,932	$ 592,127	$ 620,501	$ 352,349	$ 292,611	$ 285,635	$ 207,007	$ 103,983
Capital cash expenditures (net of proceeds from lease incentives)[7]	$ (62,967)	$ (69,938)	$ (55,627)	$ (59,625)	$ (52,269)	$ (66,315)	$ (81,948)	$ (49,670)
Free cash flow[7]	$ (8,590)	$ 113,777	$ 286,339	$ 62,614	$ 24,394	$ 65,598	$ 103,996	$ (5,727)
Percentage of Net Revenue:								
Gross profit	50.3%	43.3%	46.0%	43.8%	47.2%	42.5%	45.8%	40.2%
SG&A	32.0%	26.3%	27.9%	30.8%	33.5%	27.5%	29.6%	32.4%
Net income (loss)	12.3%	11.3%	13.4%	8.2%	6.4%	11.1%	10.2%	3.0%
Adjusted EBITDA[7]	20.1%	19.1%	19.5%	15.2%	16.0%	17.2%	17.3%	9.4%
Adjusted Net Income[7]	12.0%	12.1%	12.3%	8.6%	8.7%	10.3%	10.3%	4.3%
Other Metrics:								
Net revenue growth	43.4%	32.6%	42.8%	31.9%	33.0%	31.3%	11.5%	15.3%
Comparable sales[7] growth (decline)	35.1%	27.7%	34.3%	21.6%	19.3%	26.0%	6.6%	6.5%
Boutiques:[5]								
Number of boutiques, beginning of period	144	139	134	131	130	127	122	119
New boutiques	1	5	5	3	1	4	5	3
Pop-up boutique converted to a permanent boutique	—	1	—	—	—	—	—	—
Boutique closures	(2)	(1)	—	—	—	(1)	—	—
Number of boutiques, end of period	143	144	139	134	131	130	127	122
Repositioned boutiques	2	1	1	1	1	1	1	—

6 For a discussion of the factors that have caused variations in our business over the last eight quarters, please refer to the "Results of Operations" sections in this MD&A, our Fiscal 2026 MD&A dated May 7, 2026 for the 13-week period ended March 1, 2026, our Q3 2026 MD&A dated January 8, 2026, for the 13-week period ended November 30, 2025, our Q2 2026 MD&A dated October 9, 2025 for the 13-week period ended August 31, 2025, our Q1 2026 MD&A dated July 10, 2025 for the 13-week period ended June 1, 2025, our Fiscal 2025 MD&A dated May 1, 2025 for the 13-week period ended March 2, 2025, our Q3 2025 MD&A dated January 9, 2025 for the 13-week period ended December 1, 2024, and our Q2 2025 MD&A dated October 10, 2024 for the 13-week period ended September 1, 2024, which are available on SEDAR+.

7 See "How We Assess the Performance of Our Business" for definitions of Adjusted EBITDA, Adjusted Net Income and comparable sales which are non-IFRS financial measures, Adjusted Net Income per Diluted Share, Adjusted EBITDA as a percentage of net revenue and Adjusted Net Income as a percentage of net revenue which are non-IFRS ratios, capital cash expenditures (net of proceeds from lease incentives) and free cash flow which are capital management measures. See also "Non-IFRS Financial Measures and Retail Industry Metrics".

The following table provides the impact of foreign exchange loss (gain) on intercompany balances to Adjusted Net income[1] and Adjusted EBITDA[1] in prior quarters:

(interim periods unaudited, in thousands of Canadian dollars, unless otherwise noted)	**Fiscal 2026**				**Fiscal 2025**		
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Adjusted Net Income[7]:							
Adjusted Net Income[7] previously reported	$ 138,236	$ 131,199	$ 69,822	$ 49,330	$ 98,025	$ 83,000	$ 24,536
Foreign exchange loss (gain) on intercompany balances	6,472	(4,359)	557	10,798	(7,331)	(10,390)	2,848
(Increase) decrease to related tax effects	(1,672)	1,092	(144)	(2,704)	1,806	2,512	(694)
Adjusted Net Income[7]	143,036	127,932	70,235	57,424	92,500	75,122	26,690
Adjusted Net Income[7] per Diluted Share	$ 1.19	$ 1.07	$ 0.59	$ 0.49	$ 0.78	$ 0.64	$ 0.23
Adjusted Net Income[7] as a percentage of Net Revenue	12.1%	12.3%	8.6%	8.7%	10.3%	10.3%	4.3%
Adjusted EBITDA[7]:							
Adjusted EBITDA[7] previously reported	$ 220,523	$ 207,625	$ 122,720	$ 95,334	$ 160,872	$ 136,428	$ 55,167
Foreign exchange loss (gain) on intercompany balances	6,472	(4,359)	557	10,798	(7,331)	(10,390)	2,848
Adjusted EBITDA[7]	226,995	203,266	123,277	106,132	153,541	126,038	58,015
Adjusted EBITDA[7] as a percentage of Net Revenue previously reported	18.6%	20.0%	15.1%	14.4%	18.0%	18.7%	9.0%
Adjusted EBITDA[7] as a percentage of Net Revenue	19.1%	19.5%	15.2%	16.0%	17.2%	17.3%	9.4%